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ment in a country town. The machinery, which had been bought from a large manufacturer, was, as far as safety appliances are concerned, in excellent condition, but the shafting overhead was equipped with collars and couplings of the old style, having ugly set screws and bolt ends sticking out. Upon investigation it was ascertained that the owners of the establishment had the collars and couplings made in their own foundry and machine shop. Another instance of careless mechanical construction was found in a small machine shop which builds gasoline engines for use in country grain elevators and on farms. The end of the crankshaft was sticking out beyond the hub of the flywheel more than eight inches. Its edge was sharp, with a keyway on its surface. The surplus end of shaft was of no use, and a source of danger.

The different labor bureaus and mechanical journals in the United States have for many years maintained an educational campaign with regard to safeguarding machinery, and the claim of ignorance can no longer be an excuse. Manufacturers of unsafe machinery, and machine shops which have no conception of modern safety devices, should be pronounced unfit to take care of our machinery.

JULIUS MOERSCH.

ST. PAUL.

COLLECTIVISM AND INDUSTRIAL DEVELOPMENT.

SOCIALISM, notwithstanding its very extensive literature, has hitherto been without an authoritative and comprehensive summary of its teachings, its economic basis, and its constructive program. Professor Vandervelde has proposed to fill this vacuum,¹ and his qualifications for the task are such that the work has been called the most valuable contribution to socialistic literature since Marx. As an original investigator, Professor Vandervelde has published, besides his recent works on the Agrarian question and the socialist movement in Belgium, several important contributions to social science. As undisputed leader of the Belgium movement, he is at the head of the best organized and perhaps the most successful socialist party of Europe. He embodies not only the breadth and experience of that movement, but is a confessed admirer of the Fabian Society, of English municipal socialism, and of the more liberal continental leaders. His work, though rather brief,

¹ *Le collectivisme et l'évolution industrielle* (Paris, 1900); published in translation as *Collectivism and Industrial Evolution* (Chicago, 1901).

and primarily intended for a French-speaking audience, will be welcomed by every student of the movement. Its principal interest lies in its constructive program, which indicates what will appear to many as a revolution in socialist doctrine, and its exposition of the relation of the movement to the present system and conditions of production. The latter discussion brings the socialists into a field hitherto strangely neglected by them, though the economic waste of production is always brought out as the underlying cause of the great change to come. It is for this reason that the author has adopted the double title.

After summarizing the history of modern industry in the three periods dominated by personal property, capitalist property, and social property, the author hastens to describe this too simple scheme of Marx as merely a prevailing tendency which "cannot be adopted rigorously and absolutely to the frightful complexity of modern phenomena," and though he approves of the ensemble of the Communist Manifesto, he finds in it traces of a "catastrophic utopia." This he considers a double error, for, while agreeing that the evolution of industry will furnish the necessary environment for the proposed change, he appears to think, with Sidney Webb, that the inauguration of socialism means "the conscious organization of industry" for the welfare of society.

Under the heads, "The Decay of Personal Property" and "The Progress of Capitalists' Property," the author describes existing conditions in industry. The decay of personal property has been a subject of special study for M. Vandervelde; his principal contributions to economics lie in this province. Slightly altering his arrangement, which is lacking in clearness, we find the following theses maintained:

1. While the number of independent producers, agriculturists, artisans, and shopkeepers has increased in recent years, this increase has not been so rapid as that of the proletariat. Moreover, those industries in which the number of independent proprietors has not increased, embrace nearly all the more important and fundamental branches, such as transportation, telegraphs, banking, insurance, mining, lumbering, quarrying, the production of salt, sugar, petroleum, gas, water, tobacco, alcohol, clothing, meat, etc.

2. M. Vandervelde, however, does not rely upon the gradual disappearance of this "personal property," he points rather to its decadence. It is contended that this kind of production involves both social waste and industrial misery.

If they involve an economic waste, how do small farming, domestic manufacture, and small shopkeeping hold out against organized capital

and industry on a large scale? Several explanations are suggested, each of which is applied to one or more of these branches. The author claims that the so-called independence of the small producer is often independence merely in name, and that he is dominated by the producers of raw material, by the owners of transportation and financial facilities, or by the monopolists of the market in which he sells. The small merchant often surrenders the last remnants of independence and becomes a mere agent of the manufacturer. Being in reality then dependent on capitalism, workers in these industries are apt to gain little more than a wage, while they are required to furnish and risk their small capital and so rid their economic masters of a burden these must otherwise assume. Sometimes this economic dependence becomes almost personal, as in the case of those artisans and shopkeepers who purvey to a small and highly specialized taste. It is the very nature of luxuries to be in such limited demand that they cannot be produced on a large scale, yet to have such a high value that they reach some economic importance. The producers and sellers of such commodities are dependent on the personal whims and unforeseen decisions of the purchaser. They differ little from those producers who are dependent on single individuals, such as gardeners and tenants of gentleman farmers. There is nothing to prevent the wealthy from enlarging these classes to the extent their incomes allow, and there can be no question of waste where a small group of individuals is privileged to fix the values of the wares.

Another cause given for the survival of apparently wasteful methods of production is economic parasitism. The producers may be drawing their real support from sources other than their principal employment. Such parasitism takes several forms. The worker may be drawing an income of other labor than his own, but more frequently it comes from the labor of other members of his family. In this way men-employing factories have migrated to the she-towns, and pay a wage considerably below the average. Or the worker, having saved a small sum in his previous occupation, may invest it in a business, in which, as the failure statistics show, it generally melts away; since the amount saved is not sufficient to give a livelihood from a conservative investment, less safe ventures are entered upon. A perpetual stream of investors is maintained in this way that swells greatly the total number of establishments in the business, and often ends by demoralizing it and dragging the most cautious down.

Besides the social wastefulness of this "personal property," it is claimed that it brings unsatisfactory and often miserable conditions to the producer. This is familiar ground to American readers. The complaints of the small farmer are known to all observers of the late depression ; though his condition has received no adequate treatment, not even at the hands of M. Vandervelde. The sufferings of the sweat-shop workers have been thoroughly exploited in recent fashionable agitations, and the misery of the small shopkeeper has been almost gleefully told by the socialist propagandists. The author's object in gathering together proofs of the evils of this kind of production is, of course, to clear the ground of a proposed alternative for socialism, the return to former competitive conditions.

On the facts of this economic waste the book is unusually comprehensive and accurate, and the conclusions drawn from these facts mark a very important advance, an advance which will probably appear as a revolution in doctrine to casual observers of the socialist movement. The first of these conclusions is that a different evolution than the Marxian is conceivable, and personal property may pass into social property without going through the intermediate capitalist stage. Also, since this kind of property realizes in a sense the socialist idea of property joined to labor, socialism has no notion of using any constraint to make it collective, and it is even possible that "certain branches of autonomous production are destined to survive the capitalist régime."

Opposed to the decay of personal property is the progress of capitalist property, of corporations, combinations, and trusts. The trusts, thanks to their superior productive power, are invading all branches of industry (except, of course, the above mentioned survivals). Their technical advantages are claimed rather than described, and their economic superiority is attributed in a very general way to the ability of large capital to withstand a longer period of underselling than its rivals. To Professor Ely's contention that the possible field of the trusts, as well as their technical superiority, is rather narrowly limited, Professor Vandervelde cannot be said to have given an effective answer, though it must be remembered that he labors under the heavy disadvantage of being less familiar with the American development. He has, however, avoided the error of claiming the existence of a tendency to absolute monopoly, taking rather the prevailing trust as the type of concentrated industry for the immediate future with which

he is concerned. But he thinks its field will extend. Those who set a limit to the scope of the trust are compared to Adam Smith and others of his day, who set approximately the same limit to the field of the newly grown corporations of that time, namely, banking, insurance, transportation, and the so-called public utilities represented then by the supply of water. Vandervelde would extend this limit to include all those industries whose products are widely consumed, though he gives no definite enumeration. But there are also some additional exceptions to the rule of concentration, besides the survivals of "personal property," viz., the small employers. These are temporarily created by the progressive division of labor, and so form a special case. Before the advent of department stores, we find a large number of newly specialized shops. In manufacture specialization of labor continually begets new industries, branches proceeding from the parent stem. In country districts the production of market values replaces the production for domestic needs, and small producers and retailers arise to supply the local market. New industries generally, whatever their origin, begin on a small scale. In agriculture other causes, not socially defensible, give an advantage to the small producer, such as increased rents, unwillingness of tenants to make improvements, the greater relative importance of the production for domestic needs and of his own labor to the small farmer, etc. Here again the discussion is very suggestive, but, perhaps owing to lack of space, incomplete.

If some industries are not necessarily to be socialized, neither is the field of socialization, on the other hand, to be limited to those highly concentrated and highly organized industries which could economically be operated by the present state, since the future state is itself to be better organized and capable of greater things. This extensive socialization is justified on the productive side by its expected effect in eliminating the waste of the competition sustained by the above-mentioned workings of the private-property system. The political necessities of a party asking for immediate power must benefit by this point of view which makes equally undesirable the survival of competition or the growth of the trusts. On the other hand, the obnoxiousness of the trusts is confessed to be the more popular arraignment, and is therefore given all the emphasis. M. Vandervelde is more conservative in his predictions about the combinations of capital than most of his predecessors, but some of his statements

are being widely questioned in view of recent developments. Is the "reserve army of labor" being increased by the trusts? Are the unions weakened in the long run? Is the social and political power of the trust greater than that of the middle class? Relying on the more direct methods and the more concentrated responsibility of the trusts, M. Vandervelde has little to say of that "class consciousness" that plays such an important rôle in socialist theory. A large, powerful, and diversified middle class is supposed in this theory to use every avenue of civilization as a means of defense of existing property institutions, and to sink all the wider and higher aims of civilization in its desperate struggle to survive. This theory, whatever truth it may contain, is jealous of any general or even personal exception. It has done much to make the socialist proposals unpopular, and is carefully avoided by M. Vandervelde. But whether the recent combinations have increased the power of capital, or have weakened it by exposing its aims, concentrating its responsibility, and lessening the number of its adherents, is an open question.

The importance of the question of concentration of wealth is not minimized as is that of the concentration of industry. The causes working in either direction are broadly treated, and the complex statistical controversies with regard to the existing facts avoided. Unless the concentration of capital is counteracted the concentration of wealth will result. Are the savings of the workers such a counter-acting force? M. Vandervelde shows from Belgian returns that the average annual income from savings accounts in that country is 13.05 francs, that more than 60 per cent. of the total number of these accounts would not give one-third as much, and that in the Belgian investigations it was found that only 1.8 per cent. of the workers' households had an income from any source whatever except their labor or public assistance.

But do the corporations have a tendency to increase the number of shareholders and so of the propertied classes? Do they tend to democratize wealth? As this claim is being broadly made by the defenders of the present trust movement its discussion is of immediate interest. M. Vandervelde's answer is at least suggestive. He acknowledges the increase of the number of those enjoying unearned incomes, but claims that the proletariat is increasing still faster and that these two classes are absorbing the independent producers. Moreover, while there is a considerable increase in the number of those

having incomes above the minimum of existence, the increase of "capitalist proprietors" is comparatively slow. The progress of production has reacted on the general well-being, but it has also caused, in a larger degree, the centralization of wealth. Here is thrown overboard the "Iron Law of Wages," sent to join the wreckage of other venerated dogmas, the "Class Struggle," the "Marxian Scheme of Industrial Evolution," the "Materialist Conception of History," in its narrow sense, the "Right of every man to the Product of his own Labor," the "Disappearance of the Middle Class," the "Complete Dominance of the Trusts," etc. This wave of iconoclasm will appear to some to have destroyed socialism itself, to have robbed it of its very life and spirit; but the unity of the Belgian movement which sustains such theories would seem to indicate otherwise. Moreover, this is an evolution and not a revolution in socialist views, for every one of these doctrines has been attacked before by socialists. The socialist respect for tradition has always brought gratitude to the historic founders of the faith; but so little is now retained of the former spirit of their doctrines, they have recently been so disfigured, and the phrases are so fast losing their hold on socialist literature that the layman must consider them obsolescent.

To return to the concentration question, M. Vandervelde minimizes the advantages offered to the people in becoming shareholders of the large corporations; he points out the dangers to the small investor from inexperience, from unavoidable ignorance, from concentration of risk, and from the greater difficulty he experiences in accommodating his income to the exigencies of profitable investment. Besides, the income of the proletariat is needed for insurance, education, etc.—investments which may be of greater importance to the individual but have no direct tendency to give the class a larger share in the product. Moreover, whatever the effect of the growth of corporate property upon distribution, "it is precisely to this depersonalization of capitalist property, freed from all connection with actual labor of the possessor," that Professor Menger attributes the revolutionary tendency in production. He says: "The more the disproportion increases between the legal title and real power, the more complete the change from small property to large property and from the latter to the mere possession of title, the weaker grows the whole structure of the system of private titles." In other words, while a somewhat wider distribution of stock may buy the silence of many, it will not heal the disease either of production or of distribution.

The critical part of the work is closed with a discussion of the elements of profit which constitute its defense. Profits are not altogether the wages of insurance, since a high average rate of profit remains after distributing individual losses. Moreover, it is these very individual losses that constitute an important element of social waste, especially indefensible when they result from speculation. The second element, abstinence, is only justified in the following sense. Under socialism, "the collectivity would need to exercise abstinence and devote a large part of its products to the maintenance and renewal of social capital; but it would not have to pay an additional sum to reward the exercise of this abstinence, to stimulate the capitalist to save rather than to consume." That profits are not the wages of superintendence is shown by the replacement of active capitalists by salaried managers. "For the stockholders," says Max Weiler, quoted by the author, "accomplish not one of the multiple active functions of the capitalists; all those in fact who assume the various responsibilities of the general administration, of technical and commercial direction, and of financial control, are rewarded by fixed salaries." This is the dead weight of "passive capitalism." On the other hand, the "active capitalists" are appreciated as men of initiative, the promoters and managers of enterprises, the modern conquistadores, who with an energy which is in most cases equaled only by their lack of scruple are incessantly creating new enterprises and bringing into order the enterprises of new countries." In view of this the very evident activity of these "passive capitalists," of those exercising the purely pecuniary functions, the author would have done better to have used the recently suggested distinction between pecuniary and industrial functions. He avoids the difficulty of discriminating closely by admitting that a life-interest in property may partially be justified in the case of the active capitalist. But an hereditary interest cannot in any case be so justified, and is therefore vulnerable to the socialist attack. By limiting the right of inheritance but not suppressing it people may still be stimulated to labor for their descendants and posterity. Though this limitation might injuriously affect the labor of a few, the existence of unearned incomes is a far heavier blow to the general ambition.

This brings us to the constructive program. Three generalizations underlie it:

1. There is a social product in excess of that consumed during the process of production.

2. This product is produced by labor. Vandervelde lays emphasis on the negative expression of this principle ; the product is *not* produced by the capitalist in any part, especially not by the inheritors of wealth.

3. Even when invested in production and not consumed, this surplus is wastefully employed, since the system aims at individual profit and not at social welfare.

On what principles, then, are production and distribution to be reorganized ? As to distribution, the doctrine that "each man has a right to the entire product of his labor" is repudiated on the ground that wealth is social in its origin. Even the negative statement of this principle should be expressed in social terms. That is to say, unearned income must be disapproved as a whole ; the capitalists must be considered as the members "of a vast impersonal corporation who divide among themselves the benefits derived from capitalism *pro rata* to the number of shares." The communist principle, "To each according to his needs, from each according to his ability," is valuable as an ideal but will not assure the maximum productivity on account of the egoism of today, although the time may come when "the progress of morality and of social unity, the abundance of production, and the disadvantages and difficulties of any other mode of distribution may result in a general application of the principle. At any rate certain *common* expenditures should be made before a distribution to individuals should take place, such as increased public services of all kinds, an extension and elevation of the minimum wage, provision for the future, and the reward of those intellectual and artistic workers whose productions are of a public nature.

As a further solution nothing would prevent the adoption of the present system of graded salaries in the public services. This is, of course, pure opportunism and the author hastens to add that all "solutions must necessarily vary according to the times, the places, the industries, and the degree of intellectual development of the producers." It is at this point, then, that the utility of the socialist principles ends as far as distribution is concerned. The author adds, however, an abortive and rather hazy suggestion of automatic adjustment.

A chapter is devoted to the defense of this revolution in the system of economic rewards against prevailing attacks. In it copious and sometimes original arguments are given in an attempt to show that individuality, individual liberty, and individual initiative would gain rather than lose under the new régime. The high place given to art

and literature and to the development of character in this discussion suggests that it is in these matters that the author takes the deepest and most personal interest.

The end of socialism is "the collective appropriation of the means of production and exchange, the social organization of industry, and the retention of the surplus product for society and the individual worker." In the social organization of industry there are three steps: the victory of the proletariat, the assumption of control by the collectivity, and the improvement of the governmental machinery. The first two stages, being nearer to practical attainment, are treated separately. The advantages of the extension of state control are: the reduction of charges, the improvement of the conditions of labor, the better treatment of the producers of raw material, the uniformity and social policy of charges, the improved quality of products, and the consideration of the interests of generations to come. Most of these points have been thoroughly discussed before, notably by the Fabian Society.

"But in a number of industries the extension of this kind of fragmentary collectivism would offer more inconveniences than advantages." These advantages would be generally "neutralized by the apathy, the routine spirit, the fussy sluggishness, the spendthrift habits, the indifference to the preferences of the public which are only too justly the reproach of the modern bureaucracy." But collectivism is not a mere extension of the present public domain; socialism is not "all for the state." If the bureaucratic state is referred to by those who accuse socialism of this aim, it is replied that this "is the very instrument for ruling which has for its essential motive the protection of the sum-total of the interests of the possessing class," and it is on this basis that the institution has evolved. If this accusation were true, "socialism would have no adversaries more bitter than the socialists themselves."

There must precede any such extension of the public domain "a whole series of transformations in the intellectual, the moral, and the politico-social order." For this reason socialists themselves often protest against such an extension today, all the more since the executive departments are often effectively removed from democratic control. "In order that the extension of collective property may be advantageous to everybody, the first condition is that the government belong to everybody." A second condition is the differentiation of govern-

mental and industrial functions, "a tendency to which is seen in all countries today," as in the management of the Swiss and Australian railways. Another condition is the decentralization of social enterprises by giving independence and responsibility to subordinates; as in industry, as at present organized, they should have freedom in the methods of executing their work, and should be held responsible for it. The municipalities and the present and new local units should also take a large share of the power.

Finally are discussed the means to be used to effect the changes contemplated when the socialists shall gain political power. Since it could not be accomplished practically in a single step and would therefore fall unequally on different classes, expropriation without indemnity is rejected as unjust. Indemnities must be paid and a heavy inheritance tax is chosen as being the best plan for raising them. Collateral and intestate inheritance is to be abolished and a 25 per cent. tax is to be levied on all other inheritances. Nothing is said as to the methods by which this single tax might be evaded.

The monopolies are first to be purchased and operated, later other important and fundamental industries. But there is no reason why the state should not at the same time aid, in every way possible, productive co-operation in other and more backward industries. "But whether the change will take place gradually or suddenly, peacefully or through a revolution, with or without indemnity, are questions which depend much less on our individual preferences than on social conditions. It is impossible not to think of Schiller's lines ending with the words 'struggle rules, and it is the strong that conquer,' when one thinks of the blind, tenacious, ferocious resistance with which the privileged classes always oppose the most modest proposals of the people." If force rules, the proletariat must gain that force — which they lack today. "They must raise their intellectual and moral power to the height of their aspirations, and they must prepare, through the free and spontaneous organization of the working class, generations which shall be ripe for the republican organization of industry." The workers must arouse the consciousness of their class interests and "with steadfast patience lend themselves to the conquest of political rights and power."

WM. ENGLISH WALLING.